

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1282 - HB 1409

March 7, 2017

SUMMARY OF BILL: Authorizes commissioned employees in the Department of Safety, Department of Environment and Conservation, Tennessee Bureau of Investigation, Tennessee Wildlife Resources Agency officers that are engaged in law enforcement activities, employees of institutions of higher education, law enforcement officers, and employees of the Departments of Correction (DOC) and Transportation, to receive hazardous duty pay supplements, when an exceptional condition exists that creates a temporary or permanent hazardous duty position. Such hazardous duty pay supplements shall be subject to the approval of the Commissioner of the Department of Human Resources (DOHR). Requires all hazardous conditions be identified for each state employee position. Authorizes a hazardous salary adjustment ranging from 5 percent to 10 percent of the employee's base salary depending on the severity of hazardous conditions, which can range from mildly hazardous to severely hazardous. Authorizes hazardous duty pay to be included in the compensation paid to an individual for services rendered during a month if the individual has routine and direct contact with youth that was placed in a residential facility of the Department of Children's Services (DCS), or was released under DCS' supervision.

Establishes that an employee who is eligible for Fair Labor Standards Act overtime pay and who is ordered to return to work after the termination of such employee's regular work schedule to be paid the greater of four hours at the employee's total rate of pay or overtime compensation for the actual hours worked. Requires certain DOC employees be provided with overtime pay in the same month DOC compensates employees at the regular rate of pay for the period in which the employee accrued the overtime.

Authorizes state agencies to provide a one-time recruitment bonus not to exceed \$5,000 to employees who are employed to certain classified positions. Authorizes state agencies to provide a one-time deferred salary payment not exceeding \$5,000 to certain employees in positions with high turnover rates that are identified as essential for state agency's operations, when such employees complete twelve months of service.

Requires such agencies to certify in writing to the Department of Finance and Administration (F&A) the reasons for why additional compensation is necessary before entering into any contract with an employee.

ESTIMATED FISCAL IMPACT:

Increased State Expenditures - \$7,500/One-Time
Exceeds \$4,127,200/Recurring

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Assumptions:

- The proposed bill will authorize state agencies to provide a one-time recruitment bonus not exceeding \$5,000 to certain classified positions, and a one-time deferred salary payment not exceeding \$5,000 to retain certain employees in positions with high turnover rates that are identified as essential for state agency's operations. The bill will also authorize a hazardous salary adjustment ranging from 5 percent to 10 percent of the employee's base salary depending on the severity of hazardous conditions.
- According to DOHR, hazardous duty payments and transactions would have to be processed through the special leave section of the Department outside of the Edison system.
- Based on the information provided by the DOHR, the Department will require ten full-time positions to administer the requirements of the proposed bill including: one program manager, two program supervisors, and seven program specialists.
- The one-time increase in state expenditures from the General Fund for computers, phones and other miscellaneous items for all 10 positions is estimated to be \$7,500.
- The recurring increase in state expenditures from the General Fund for all 10 positions is estimated to be \$732,673 (\$569,004 salary + \$163,669 benefits).
- Based on the information received by DOHR, the number of employees that could potentially qualify for the hazardous salary adjustment is estimated to be at least 6,551.
- It is assumed that at least 20 percent of such employees will receive an average hazardous salary adjustment of 7.5 percent of the employee's base salary each year. Assuming an average base salary of \$32,000 for such employees, the recurring increase in state expenditures from the General Fund is estimated to exceed \$3,144,480 (6,551 x 20.0% x \$32,000 x 7.5%).
- The number of employees who would qualify for a one-time recruitment bonus or a one-time retention bonus is unknown. Assuming that a minimum of 50 employees would qualify for one of the two bonuses each year, the recurring increase in state expenditures from the General Fund is estimated to exceed \$250,000 (50 x \$5,000).
- The total recurring increase in state expenditures from the General Fund is estimated to exceed \$4,127,153 (\$732,673 + \$3,144,480 + \$250,000).
- The Department of Treasury reports that the bill will not result in a significant fiscal impact to the Tennessee Consolidated Retirement System.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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